

AGRICULTURAL USE-VALUE PENALTY WORKSHEET

Guide to Estimating Penalty for Conversion of Agricultural Land

Property which has benefited from lower property taxes due to its use value assessment as agricultural land may be subject to a penalty. This occurs when its use is converted to a residential, commercial, or manufacturing use, or becomes exempt and the use is no longer agricultural. The penalty is effective upon the assessor's completion of the assessment roll in the year following the change in use. Sec.74.485, WI Statutes governs the application of the penalty.

The county treasurer is responsible for the administration of the penalty. However, the treasurer cannot act until the actual change in use, verified by a change in class on the assessment roll, is complete. This occurs after the assessor has submitted the roll to the local Board of Review (BOR), which will resolve any outstanding issues with the assessor's decision of the proper classification. Once the BOR is complete (typically between May and October), the assessor provides the County Treasurer a list of the owners who are subject to the penalty for converting agricultural acreage in the previous calendar year. Penalties are issued with payment due within 30 days of issue. Unpaid penalties will be added as special charges on the next property tax bill.

For those who want to estimate the penalty amount prior to the actual calculation by the County Treasurer, whether for estimating project costs, negotiation of purchase, or for escrow at closing, we offer the following:

1. Determine who will be liable for the penalty. The person owning the property at the time of conversion will receive the bill. (Example: A Developer/Grantor begins construction of a house in March. Even if the house sold in September, the penalty will be due from the grantor; not the grantee. The grantor is required by law to give grantee notice of penalty status).
2. Determine how many acres had been assessed as 'agricultural use' the prior January 1 and are being converted. (Example: Eight acres which had been a corn field now contain a house and lawn, and 5 acres remain as a corn field. Three acres were converted).
3. Determine the proper penalty/acre (the larger the number of acres converted, the smaller the penalty per acre). This is based on the # of changed acres by the same owner in the community. (Example: If the owner in step 2 above converted another 12 acres in the same community in the same year, he or she would have a 15 acre penalty).
4. Multiply the # of changed acres times the penalty per acre in the county.

Number of acres assessed prior January 1 as agricultural use whose use has been converted on current January 1 assm't roll	Times	\$___ if more than 30 acres were converted \$___ if 10 to 30 acres were converted \$___ if less than 10 acres were converted	Equals	ESTIMATED Penalty Due
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NOTE: See the Wisconsin Department of Revenue website at www.dor.state.wi.us for "Frequently Asked Questions", the "Agricultural Assessment Guide", and a list of penalties by County.